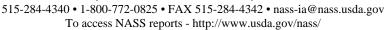


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World Grain Supply and Demand

Except for small increases to U.S. barley exports and oat imports, no other changes are projected for 2004/05 feedgrains relative to last month. Similarly, the outlook for 2005/06 is unchanged from last month for production, use, and prices. The 2005/06 projected price range for corn is \$1.55 to \$1.95, compared with \$2.00 to \$2.10 for 2004/05.

The most noteworthy change in the global outlook for 2004/05 is in Brazil with a 2-million-ton reduction in the corn crop, lower imports, smaller feed use and exports, and a 0.4-million-ton drop in ending stocks. The global outlook for 2005/06 is for decreased coarse grains production, lower use, and a moderate drop in stocks relative to last month. Smaller crops are projected in Ukraine (down 1.5 million tons), Russia (down 1 million), Argentina and Australia (each down 0.5 million), and several other countries.

U.S. oilseed production for 2005/06 is projected at 89.2 million tons, unchanged from last month. Soybean production is forecast at 2.90 billion bushels, or 78.8 million tons. A projected decrease in 2004/05 soybean ending stocks this month for South America is expected to provide increased U.S. export opportunities. As a result, 2005/06 U.S. soybean exports are increased 10 million bushels to 1.14 billion bushels. Prospects for increased exports and reduced soybean supplies result in a slight decrease in soybean crush from last month. U.S. soybean ending stocks are projected at 255 million bushels, down 25 million bushels from last month.

The U.S. season-average soybean price for 2005/06 is projected at \$4.95 to \$5.95 per bushel, up 25 cents on both ends of the range. Soybean meal prices are projected at \$160 to \$190 per short ton, up \$10.00 on both ends of the range. Soybean oil prices are projected at 20.5 to 23.5 cents per pound, up 0.5 cents on both ends of the range.

Global oilseed production for 2005/06 is projected at 377.0 million tons, down 4.1 million tons (1 percent) from 2004/05. Foreign oilseed production is projected at 287.8 million tons, up 3.2 million tons from 2004/05. Global soybean production is projected to increase 3.4 million tons to a record 219.7 million tons. Although U.S. soybean production is expected to decline from last year's record level, a rebound in yields and production in Brazil will push South American soybean production to a record 108 million tons, accounting for just below half of 2005/06 global production. The Brazilian soybean crop is projected at a record 62 million tons, up 17 percent from the drought-reduced 2004/05 crop. Global production of high-oil content seed is down 5 percent as lower rapeseed production is only partly offset by increased sunflowerseed production. Rapeseed production is projected lower for China, the EU-25, Canada, and India. Sunflowerseed production is higher for Ukraine as producers expand plantings from 2004/05.

Global protein meal consumption is projected to increase 3 percent in 2005/06, primarily due to gains for soybean meal. Protein meal consumption in China is projected to increase 8 percent, with a 15

percent increase in soybean meal more than offsetting decreased consumption of rapeseed and cottonseed meal.

World soybean trade increases 7 percent to 65.6 million tons, nearly all of which is due to higher imports for China to a record 27.0 million tons. Global vegetable oil consumption is projected to increase 5 percent for 2005/06 led by gains for China, India, and the EU-25. Global oilseed crush is projected to increase 3 percent, and oilseed stocks are projected to increase 3.5 million tons to a record 58.2 million tons.

Changes for 2004/05 for the U.S. include increased soybean crush and exports and reduced ending stocks. Global soybean ending stocks are also reduced, reflecting the effect of reduced Brazil soybean production for 2003/04. The crop is reduced from 52.6 million tons to 50.5 million tons based on analysis of crush and trade statistics for the marketing year.

U.S. Corn and Soybean Supply and Demand

Cappiy and Bomana			
		2004/	2005/06
Commodity	2003/	2005	Projections
	2004	(Est.)	June
CORN	Million bushels		
Beginning stocks	1,087	958	2,215
Production	10,089	11,807	10,985
Imports	14	10	10
Supply, total	11,190	12,775	13,210
Feed and residual	5,798	6,000	5,850
Food, seed, & industrial	2,537	2,760	2,870
Ethanol	1,168	1,400	1,500
Exports	1,897	1,800	1,950
Use, total	10,232	10,560	10,670
Ending stocks, total	958	2,215	2,540
CCC inventory	0	1	
Free stocks	958	2,214	
Outstanding loans	164	275	
Avg. farm price (\$/bu.)	2.42	2.00-2.10	1.55-1.95
SOYBEANS	Million bushels		
Beginning stocks	178	112	320
Production	2,454	3,141	2,895
Imports	6	5	3
Supply, total	2,638	3,258	3,218
Crushings	1,530	1,675	1,680
Exports	880	1,110	1,135
Seed	92	89	91
Residual	24	64	58
Use, total	2,525	2,938	2,964
Ending stocks	112	320	255
Avg. farm price (\$/bu.)	7.34	5.70	4.95-5.95